

**PEREGRINE CAPITAL MANAGEMENT**  
**DOMESTIC EQUITY: RUSSELL 1000 GROWTH BENCHMARK**

FOR THE MONTH OF: **AUGUST** **2006**

**MANAGER PERFORMANCE CALCULATIONS**

\* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Peregrine	4.12%	-1.30%	-1.76%	n/a	n/a
Russell 1000 Growth	3.12%	0.76%	3.68%	n/a	n/a

**PORTFOLIO ATTRIBUTES**

<u>Characteristics</u>	<u>Peregrine</u>	<u>RU 1000G</u>	<u>Sector Analysis</u>		
			<u>Over-weight</u>	<u>Peregrine</u>	<u>RU 1000G</u>
Mkt Value (\$m)	163.80	N/A	Financial Svcs	25.26%	9.93%
Wtd Cap (\$b)	73.65	66.44	Technology	23.91%	21.18%
P/E	20.00	19.00	Other-Business	7.68%	4.20%
Beta	1.31	1.09			
Yield (%)	0.80	1.17			
Earnings Growth	25.00	18.00	<u>Under-weight</u>	<u>Peregrine</u>	<u>RU 1000G</u>
			Healthcare	15.40%	18.38%
			Consumer Stapl	4.56%	7.81%
			Producer Durab	4.15%	7.07%

**PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS**

Growth stocks actually experienced a good month of performance during August, quite a rare experience given recent history. The Russell 1000® Growth was up 3.1% for the month versus 2.4% for the S&P 500, while our performance was up 4.1%. Given that we are pure growth, our August performance was about as expected. The fundamental backdrop has not changed at all, except for a weakening in oil prices. We continue to believe that oil has had an unusually high level of speculative fever built into prices. We believe more of this speculative premium will be removed.

Our technology holdings did well during the month, including Cisco, EMC, Microsoft and Intel. Internet stocks were mixed with Ebay rebounding sharply and Google down for the month. Medtronic was under pressure during the month regarding concerns over near term sales levels. We continue to view Medtronic very favorably.

For the year to date, growth stocks still lag the S&P 500 and Russell 1000® Value (by 1100 basis points) and we lag the Russell 1000® Growth benchmark. Until last month the types of stocks that have done well so far in 2006 have been exactly opposite of the type we own. We continue to believe that our holdings will attract sustained investor (as opposed to speculative) interest as commodity plays run their course while our portfolio of companies continues to post superior earnings results.

**MANAGER STYLE SUMMARY**

*Peregrine manages a large cap growth equity portfolio, utilizing a "bottom up" strategy, and focusing more on the future growth prospects of a firm rather than current earnings. We can expect the portfolio to include 30-50 securities, the P/E and P/B ratios to be slightly higher than that of the market, stock volatility to be slightly higher than the market, and dividend yield to be lower than average. Their style encourages overweight positions in traditional growth sectors such as technology, retail, business services, and financial services. Due to the concentrated nature of the portfolio, it will tend to be more volatile than more diversified portfolios.*

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**PORTFOLIO GUIDELINE COMPLIANCE**

AUGUST

2006

Portfolio Guideline:	S&P 500	Peregrine	Calc	Min	Max	Compliance
B2. Security Market Cap > \$1 billion						ok
B3. Security position <=5% @ purchase, excluding contributions						ok
B4. Number of issues		30		30	50	ok
B5. P/B	2.77	3.86	1.4	1.2	2.0	ok
B5. P/E (Projected)	16.00	20.00	1.3	1.0	2.0	ok
B5. Dividend Yield	1.90	0.80	0.4	0.1	0.8	ok
B5. Beta	1.00	1.31	1.3	1.10	1.35	ok
B5. Earnings Growth (5-year)		25%		11%	22%	check
F2. Commissions not to exceed \$0.05/share						ok
F3. Annual Turnover		6%		15%	30%	check
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES**

F3. Annual Turnover: Average Annual Turnover since Growth Equity inception (01/01/83) has been less than 25%.

B5. Earnings Growth: This has been a period of above trend earnings growth. We expect the earnings growth to be in the 18% - 20% range over the next five years.

**ORGANIZATIONAL/PERSONNEL CHANGES**

**ACCOUNT TURNOVER**

Gained: Number of Accounts: Total Market Value (\$m): \$ 31.1

Lost: Number of Accounts: 1 Total Market Value (\$m):

Reason(s): Asset allocation shifts to alternative investments